BRAC LEGISLATIVE REVIEW

Analysis of the 2015 Legislative Session

Maintaining the State's Economic Competitiveness

June 15, 2015

Baton Rouge Area Chamber®

Leading Economic Development in the Baton Rouge Area

Introduction

A week after the Capital Region was reported to have crossed the 400,000 job milestone, leading the state in employment growth over the last year, it's hard not to feel disappointment at the disconnect in what transpired at the Capitol as the legislative session concluded. The session began with unfortunate rhetoric about "corporate welfare" by the Governor, then a cynical attempt to pit business and higher education leaders against each other, which translated into severe cuts to the very type of economic development incentives that have helped power the state's job-producing momentum, and ended with a mad dash to enact a phantom tax scheme that put one person's politics above the needs of all else.

While it may have been unrealistic to ask, during a short session in an election year, for strong action on meaningful and far-reaching fiscal reform to address state government's structural deficit, it was hoped, at the very least, that the session would include a careful, targeted, and selective approach to consider temporary changes that avoid long-term negative economic consequences and binding fiscal actions that hamstring a new Governor and Legislature. The best we can say is the Legislature increased business taxes less than the Governor sought to do. While some positive steps were taken, and some much worse outcomes were avoided, for the Baton Rouge Area's legislative priorities – for leadership in economic development, for major investments in transportation infrastructure, for true fiscal and tax reform, for sustainable higher education and health care funding – describing the session as a missed opportunity would be an exercise in understatement.

Given the results of the legislative session, attention turns all the more urgently to the gubernatorial election, in which all of the announced major candidates have expressed an intention to call a special legislative session at the start of 2016 to consider fundamental and comprehensive state fiscal reform to address the structural deficit in Louisiana state government finances. During the legislative session, most attention focused on the revenue side of the equation – dealing with various tax expenditures in the form of credits, exemptions, exclusions, and rebates. This topic has also been informed by various studies, resulting most recently in a report led by Dr. Jim Richardson, which should help inform a sober reevaluation of the changes rushed through during the session. However, in order for fiscal reform efforts to be truly comprehensive, similar focus and study needs to be devoted to the expenditure side of the equation as well – dealing with the myriad of non-discretionary restrictions, mandates, and spending dedications that reduce budgetary flexibility and hinder prioritization of funding.

All of the leadership and progress of the last decade to enact reforms of many kinds have required leadership. More than anything, these two months illustrate how important it will be to elect a Governor with guts. It's going to be hard for a candidate to say, with specificity, that he will do what needs to be done, because it will be unpopular. But the Capital Region must demand solutions that build on, instead of stymie, our promising economic momentum, so that our region continues to grow and offer greater economic opportunities for our residents.

Executive Summary

The protection of higher education funding and the advancement of critical tools needed to maintain the state's economic competitiveness framed the advocacy efforts of the Baton Rouge Area Chamber as our organization navigated through unchartered territory during the 2015 Regular Session of the Louisiana Legislature. On one end of the pendulum, higher education institutions across the state, including LSU's flagship campus and the Southern University System, faced over $600 million in system-wide cuts for the upcoming fiscal year after sustaining hundreds of millions in cuts over the past seven years. On the other end of the pendulum, the state of Louisiana has enjoyed an economic renaissance with the creation of 91,000 direct and indirect jobs and $62 billion in new capital investment since 2008. In the Capital Region alone, BRAC has secured 55 new projects totaling over $8B in investment, $321M in annual payroll, and 5,800 in direct jobs as part of The Creative Capital Agenda, BRAC's 2011 – 2015 strategic plan.

For BRAC, education is economic development. Our goals of supporting higher education while promoting the economic vitality of the Capital Region do not have to be mutually exclusive. Instead, the business community must rely on higher education institutions to produce a talented workforce to fill the unprecedented number of jobs resulting from economic growths. Our legislative priorities at the state Capitol have consistently included support for higher education, such as advocating for full tuition and fee authority, operational autonomies, stabilized state funding, and direct appropriations to LSU's Pennington Biomedical Research Center. Our support in 2015 has continued to be steadfast despite best efforts by some to pit the business community and higher education leaders on opposite sides.

The most fascinating, and disappointing, story line of the session was the tone of the administration. When the Governor started the session decrying "corporate welfare," the die was cast: Anti-business had arrived in Louisiana as a fully populist sentiment again, from the mouth of a so-called conservative this time. The second more fascinating, and disappointing, story line was the degree to which new revenue was raised from business sources versus non-business sources. Many business leaders believed there would be balance in the legislative approach to increase revenue on all payers.

And so, one can summarize the Legislative Session of 2015 like this: The Governor and Legislature raised business taxes, and funded higher education.

No session agenda is simple. While BRAC's support of higher education was chief among our legislative priorities, BRAC categorized its 2015 agenda in three broad categories: tax and incentives, transportation funding, and education and workforce. The eight priorities for which the organization advocated for during the 2015 Regular Session of the Louisiana Legislature include:

1. Oppose the change of the inventory tax credit and research and development tax credit from refundable to non-refundable tax credits. Support reasonable alternatives to replace the revenue of these proposals, and/or that eliminate the inventory tax itself.
2. Support the transfer of full tuition and fee autonomy to the state's higher education systems, while demanding higher education funding stabilization and TOPS reform.
3. Lead the renewal and reduction of the Angel Investor Tax Credit to spur continued entrepreneurship and innovation in the state's economy.
4. Defend Louisiana's economic development toolkit by fighting measures that would negatively impact the state's critical incentive programs.
5. Support new and increased transportation funding solutions.
6. Lead the development of workforce solutions through the comprehensive review of the Incumbent Worker Training program. Instead of filing a bill, BRAC will seek the adoption of a resolution creating a study commission.
7. Ensure the state's K-12 education system prepares students for the global workforce by defending Common Core and sidelining efforts to dismantle the state's accountability system.
8. Establish a commission to review state budget expenditure restrictions and funding dedications and provide recommendations for increasing budgetary flexibility.

In summary, following is a short list of the Good, the Bad, and the Ugly from the session.

The Good:

- Higher education funding was protected, preventing disastrous cuts to state community colleges and universities.
- The Inventory Tax was not fully reinstated, as proposed by the Administration in April.
- Minor transportation funding improvements were enacted.
- The Angel Investor Tax Credit was re-enacted, allowing for critical incentives for startup and small business capital.
- Common Core was not removed or ended by the Legislature, although a compromise process leaves open the possibility for changes to the standards.
- The Motion Picture Production incentives were not ended by the Legislature, although they were capped and restructured significantly.
- The Legislature passed measures for TOPS reform, which is pending the Governor's signature. Even if the Governor vetoes the Act, it sends a signal to the next Governor that this action must be done.
- The Administration and Legislature backed maintaining modest funding for the small business program through the Procurement Technical Assistance Center (PTAC).

The Bad:

- Core economic development incentives were cut up to 28 percent, while deep cuts were not imposed across the board on most of the state's wasteful and unnecessary tax credits and exemptions.
- The Legislature and Governor abdicated to future elected officials any significant fiscal or tax reform, leaving the state business tax climate in a worse position than it was at the start of the 2015 legislative session.
- The Governor opposed measures to reform TOPS, even in light of the support of the Patrick F. Taylor Foundation and the support of the Legislature and statewide business community.

The Ugly:

- The Legislature re-enacted a tax on business inventory for the first time since the 1990s. This unorthodox business tax was eliminated because of how un-competitive it is. The Legislature and Governor have made Louisiana once again uncompetitive related to inventory taxation.
- No significant new transportation funding was approved. The Governor and Legislature largely did nothing to improve traffic in the Baton Rouge Area.
- The tone of the state politics in Louisiana turned into something perhaps best described as anti-business, "conservative" populist.

The results of our advocacy efforts are outlined as follows:

Renewing the Angel Investor Tax Credit Program

A centerpiece of BRAC's 2015 Legislative Agenda was the renewal of the Angel Investor Tax Credit Program, in furtherance of the state's innovation economy. Angel investors often fill the gap of supporting emerging technologies that are too risky for investments from traditional financial institutions or private equity firms. From 2005 through 2009 and 2011 through 2015, the Angel Investor Program has spurred the collective investment of over $100 million in support of more than 150 early stage Louisiana businesses seeking startup and expansion capital. BRAC helped secure its reenactment in 2011, and this credit was set again to expire without proactive action for its renewal this year. House Bill Number 244 by Representative Franklin Foil as originally filed extended the program four years through June 30, 2019. Senator Robert Adley amended the measure in the Senate Revenue and Fiscal Affairs Committee to limit the program extension to two years through June 30, 2017. The bill is pending the Governor's signature.

Maintaining the State's Economic Competitiveness

BRAC's most critical challenge during the 2015 session was ensuring that Louisiana maintains its competitive advantage in light of plugging a budget deficit to the tune of $1.6 billion. The House and the Senate each advanced 11-bill packages, in varying form, that provide for reductions to key business tax credits, exemptions, exclusions, deductions, and rebates. It is through these various measures that the administration and Legislature increased business taxes most significantly. The Governor started the legislative session seeking to curtail fully the refundable tax credits on the inventory tax and other measures. This would have taken the inventory tax that was eliminated starting back in 1991, and made the tax fully effective once again. He also proposed changing a suite of strategic business incentives to non-refundable. The legislature did not agree with his approach, and instead pursued a slightly different package of bills to increase revenues. They did not try to balance the state's economic competitiveness or balance the increases in taxes between business and non-business payers. Instead, the legislature primarily sought to enact changes on business in lieu of enacting fairer structural changes to the tax code suggested in the Richardson report, seeking to re-instate the "Stelly" changes that caused much of the problem, or balancing reductions in credits and exemptions between business and non-business taxpayers. The package of bills include:

Business Utilities. House Concurrent Resolution Number 8 by Representative Jack Montoucet suspends the penny sales tax exemption for business utilities with respect to the sales of steam, water, electric power or energy, and natural gas. The suspension takes effect July 1, 2015 and continues until the sixtieth day after final adjournment of the 2016 Session of the Louisiana Legislature. The bill is pending the Governor's signature.

Across the Board Cuts to Tax Credits, Rebates, Exclusions and Exemptions. House Bills Number 624, 629 and 635 by Representative Katrina Jackson propose across the board cuts to numerous tax credits, rebates, exclusions, and exemptions for corporations and individuals. These cuts take effect July 1, 2015 and sunset or expire on June 30, 2018.

- HB 624 cuts certain exclusions and deductions, including funds received by corporations from governmental entities to subsidize the maintenance and operation of public transit systems, net operating loss deductions, interest and debt income included on federal returns, etc.
- HB 629 orchestrates cuts to key economic development incentive programs, including most notably the digital interactive media and software tax credit and the angel investor tax credit. Highlights of the reductions to these measures include:
    - Digital Interactive Media and Software Tax Credit – Current law provides for a credit of twenty five percent of the base investment made by the investor. The credit is equal to ten percent of the base investment expended on payroll for Louisiana residents employed in connection with a state-certified production. HB 629 reduces the amount of the credit from twenty five percent of the base investment to eighteen percent of the base investment and from ten percent of the base investment expended on payroll for Louisiana residents to 7.2 percent of the base investment expended on payroll for Louisiana residents.
    - Angel Investor Tax Credit – Current law provides for a 35 percent tax credit for qualifying individuals or entities that invest in a Louisiana Entrepreneurial Business. The credit is capped at $5 million and qualifying investments are limited $1 million per year per business and to $2 million total per business. HB 629 reduces the amount of the credit from thirty five percent of the qualified investment to 25.2 percent and reduces the total amount of tax credits that may be granted from $5 million to $3.6 million in any calendar tax year. The measure further reduces the maximum qualifying investment by an investor from $1 million to $720,000 and the maximum investment per business from $2 million to $1.44 million.

- House Bill 635 imposes cuts to rebates as follows:
  - Quality Jobs – Current law provides for calculating the quality jobs rebate by utilizing the benefit rate as defined in current law multiplied by the gross payroll of new direct jobs. HB 635 reduces the rebate to the amount of the benefit rate multiplied by eighty percent of the gross payroll of new direct jobs. The measure also limits the time period within which an application for a Quality Jobs project is required to be filed to no later than twenty four months after the filing of an advance notification for the project.
  - Corporate Headquarter Relocation Program – The relocation rebate for relocation costs to relocate or expand a corporate headquarters in Louisiana is being reduced from twenty five percent to twenty percent of relocation costs.
  - Competitive Projects Payroll Incentive Program – Current law allows for the rebate of payments in exchange for the creation of jobs. These rebates include: (1) a payment based on the amount of new payroll, (2) a sales and use taxes rebate for taxes paid, and (3) a payment equal to 1.5% of the amount of certain qualified capital expenditures associated with a facility utilized in the performance of the contract. House Bill 635 reduces the amount of the new payroll credit from a maximum of fifteen percent to twelve percent. HB 635 further reduces the amount of the rebate from 1.5 percent to 1.2 percent of certain qualified capital expenditures.
  - Enterprise Zone Program – The measure eliminates retail businesses and restaurants from enterprise zone eligibility. HB 635 supersedes House Bill Number 466 by Representative Taylor Barras, which eliminated retail, restaurants, and hotels from program eligibility.

HBs 624, 629, and 635 are pending the Governor's signature.

Inventory Tax Credits. Louisiana is one of nine states that levies an ad valorem tax on inventories. Political subdivisions across the state assess the value of inventories held by manufacturers, distributors, retailers, and natural gas storage facilities. A company pays the inventory tax to a local political subdivision and subsequently seeks a refundable tax credit from the state equal to one hundred percent of its inventory tax payment. House Bill Number 805 by Representative Bryan Adams reduces the refundable portion of the state's inventory tax credit by providing for seventy five percent of the tax credit to be refundable and twenty five percent of the tax credit to be nonrefundable, with provisions allowing for the nonrefundable portion of the tax credit to be carried forward against subsequent tax liability for a five year period. Small business owners who pay less than $10,000 in inventory taxes will continue to enjoy the refundable portion of the inventory tax credit at one hundred percent. *The bill is pending the Governor's signature.*

Research and Development Tax Credit. This incentive seeks to encourage research and innovation by Louisiana businesses, similar to the federal research incentive program on which it is designed. For small businesses and startups, the legislation has contained a provision that allows the credit to be refundable if the business did not have an income tax liability against which to apply the credit. Without this refundability or a similar measure to allow the credit to be transferred or sold to other businesses, this research incentive is effectively neutered and negatively impacts all small research intensive companies. The tax credit program also benefits firms receiving federal Small Business Innovation Research (SBIR) grants. The Public Affairs Research Council (PAR) most recently highlighted the Research and Development Tax Credit as a best practice program for motivating innovation in Louisiana. As part of House Bill Number 805, the Senate enacted changes to remove the refundability of this incentive, making it the only incentive, tax credit, exemption, or rebate that was effectively terminated during the 2015 Legislative Session. In effect, the Legislature has sent the message that – when it comes to the rhetoric about wasteful tax credits and exemptions – the behavior they most wanted to curtail was private sector research and innovation in Louisiana.

Motion Picture Tax Credit. The Louisiana Legislature advanced a series of bills designed to overhaul and cap the state's motion picture tax credit program. House Bill Number 829 by Representative Joel Robideaux, part of the legislative package of revenue raising bills, makes significant changes to the tax credit program by capping the tax credit at $180 million for the next three fiscal years and providing that the tax credit shall be earned at the time the expenditures are certified rather than the time the expenditures are made. Senate Bill No. 98 by Sen. Morrell creates the Public Registry of Motion Picture Investor Tax Credit Brokers and outlines certain restrictions for credit brokers. Senate Bill Number 100 by Senator J.P. Morrell provides for the submission of production expenditure verification reports in lieu of audit reports. Senate Bill Number 101 authorizes the Louisiana Workforce Commission or the Department of Revenue to provide payroll and employment verification information with regard to the credit. Senate Bill No. 102 by Sen. Morrell places limits on production expenditures eligible for the credit. The credit will not be allowed for above the line expenditures, services such as those of a producer, executive producer, line producer, etc., that exceed 40% of the total production expenditures. Senate Bill Number 103 by Sen. Morrell prohibits use of the credit for expenditures for airfare and expenditures for bond fees, insurance premiums, finance fees, loan interest fees, or payments of a similar nature unless made to Louisiana institutions. Finally, Senate Bill Number 105 by Sen. Morrell authorizes the recovery of disallowed tax credits. Film industry insiders are expected to rally for a veto of HB 829, asserting that a cap of the program restricts the state's competitiveness. The industry generally supported the package of Morrell bills. *All of these measures are pending the Governor's signature.*

Gas Severance Tax Exemption. House Bill Number 549 by Representative Major Thibaut modifies the severance tax exemption for oil and natural gas production from horizontally drilled wells and horizontally drilled recompletion wells. For production taking place on or after July 1, 2015, the amount of the exemption is being changed from one hundred percent to an amount based on the price of oil and natural gas. *The bill is pending the Governor's signature.*

Net Operating Loss. Louisiana law provides for the imposition, computation, and payment of income tax for estates and property held in trust. Net operations losses are allowed to be deducted from net income in any of the 15 years immediately following the year in which the loss occurred. House Bill Number 218 by Representative Chris Broadwater eliminates the three year carryback and increases the carryover period from 15 years to 20 years for any claim filed on or after July 1, 2015. *The bill is pending the Governor's signature.*

Cigarette Tax. Our state currently taxes the sale, use, consumption, handling, or distribution of all cigarettes at a rate of 36¢ per pack of twenty cigarettes. House Bill Number 119 by Representative Ritchie as originally filed proposed to increase the cigarette tax from 36¢ per pack to $1.54 per pack. The cigarette tax was ultimately increased by fifty cents per pack for a tax of 86¢ per pack of cigarettes. The measure is expected to raise state revenue by an estimated $108 million. The increased revenues are to be deposited into the Tobacco Tax Medicaid Match Fund to be further appropriated to Department of Health and Hospitals for Medicaid. *The bill is pending the Governor's signature.*

Tax Credits for Taxes Paid in Other States. Louisiana residents are currently allowed a credit against Louisiana taxes for net income taxes imposed by and paid to another state on income taxable in Louisiana. House Bill Number 402 by Representative Julie Stokes adds additional eligibility requirements for the credit allowance. *The bill is pending the Governor's signature.*

Solar Tax Credit. House Bill Number 779 by Representative Erich Ponti lowers the value of the solar tax credit to no more than $10,000 per system, sets a cap on the amount of credits that can be issued each year, modifies the eligibility requirements of the solar tax credit and provides for other programmatic changes to the incentive, effective as of July 1, 2015. *The bill is pending the Governor's signature.*

Supporting Greater Autonomies & Stabilized Funding for Higher Education

The administration's budget proposed an eighty two percent cut to higher education, which would have been disastrous to the state of Louisiana and Baton Rouge Area. BRAC recognized that state funding for higher education must be a top priority in the legislative session. To the legislators' credit, they protected state funding for higher education, which will not see significant cuts in state funding in the upcoming year. The revenue increases described above were primarily directed toward filling this budget hole for higher education.

BRAC also continued to advocate in support of its long-established position of granting full tuition and fee autonomy to the state's higher education institutions. Beginning in 2009, BRAC led efforts to create a statewide business coalition that was instrumental in the passage of the Granting Resources and Autonomy for Diplomas (GRAD) Act in 2010 and GRAD Act 2.0 in 2011, providing limited tuition and fee flexibility and greater autonomies for higher education leaders. However, BRAC has always sought full tuition and fee autonomy being removed from legislative control.

For the Legislature, the granting of full tuition and fee autonomy to the state's higher education management boards has hinged on changes to the Taylor Opportunity Program for Students (TOPS). Previous attempts to cap the TOPS program, convert TOPS into a loan forgiveness program, raise standards, and decouple tuition from TOPS have proven to be unsuccessful due the opposition of both the Governor's Office and the Patrick F. Taylor Foundation. This year proved to be a bit different.

With the support of the Taylor Foundation, Senator Jack Donahue successfully led the passage of Senate Bill Number 48. If the Governor signs the legislation, beginning in the 2016-2017 award year, the TOPS amount awarded by the state shall be equal to the award amount established for each respective award at the postsecondary institution in which the student is enrolled for the 2015-2016 award year. Despite opposition by the Governor's Office, the legislation has cleared the legislative process and is pending the Governor's signature. *BRAC urges the Governor to sign this important legislation.*

The Legislature also enacted reforms to TOPS Tech by aligning the awards with the state's workforce needs. House Bill Number 838 by Representative Ed Price provides that students may use TOPS-Tech awards only for those degrees and programs that the Board of Regents and the Louisiana Workforce Investment Council determine are aligned with the state's workforce priorities. *The bill is pending the Governor's signature.*

There were several unique approaches to the granting of tuition and fee autonomy for higher education. House Bill Number 61 by Representative Thomas Carmody is a constitutional amendment that would remove the constitutional requirement that any tuition or fee increase or new fee for public higher education be approved by a two-thirds vote of the legislature, and instead authorizes the Legislature by a majority vote to set itself or statutorily delegate to others the authority to set tuition and fees for higher education. *The bill failed in conference committee.* Other tuition and/or fee bills that were considered during the legislative session include:

- House Bill Number 66 by Rep. Carmody authorizes each public postsecondary education *institution* to establish its own tuition and fees that it charges students attending its institution. This authority includes base tuition, tuition enhancements, differential tuition, per-credit-hour tuition, etc. *The bill failed to pass on the House floor with a vote of 45 yeas to 57 nays.*

- House Bill No. 618 by Representative Steve Carter grants the boards of supervisors at LSU, Southern, and the University of Louisiana System the ability to adjust tuition, fees, and fee amounts for graduate, professional, and other post baccalaureate programs at institutions under their respective management and supervision. *The bill died in the Senate Revenue and Fiscal Affairs Committee.*

- House Bill Number 152 by Representative Chris Broadwater authorizes the public postsecondary education management boards to establish fees and adjust fee amounts at their respective institutions for the 2015-16 and 2016-17 academic years only. *The bill is pending the Governor's signature.*

- House Bill Number 62 by Representative Franklin Foil is a constitutional amendment that exempts public postsecondary education fees from the two-thirds vote requirements for imposing a new or increasing an existing fee. *The bill died in the Senate Revenue and Fiscal Affairs Committee.*

- Senate Bill Number 155 by Senator Jack Donahue is a constitutional amendment that authorizes each postsecondary education management board to establish the tuition and mandatory fee amounts charged by their institutions. *The measure failed to pass on the House floor with a vote of 49 yeas to 50 nays.*

House Bill Number 766 by Representative Bryan Adams seeks to provide greater operational autonomies to the state's public education institutions. The measure removes the performance conditions required as part of the limited operational autonomy established by the GRAD Act. Instead, the division of administration must approve the exercise of autonomies subject to specific conditions. *The bill is pending the Governor's signature.*

Finally, BRAC has consistently pursued efforts to secure a dedicated revenue stream for the Pennington Biomedical Research Center. Pennington does not benefit from the tuition and fee flexibility afforded by the GRAD Act as the Center does not have a student population base. Pennington has typically found success in one-time appropriations as part of House Bill Number 1. The Pennington Biomedical Research Center successfully secured an allocation of $4 million in this year's appropriations bill.

Tackling the Infrastructure Challenges Facing the Capital Region

In late April, BRAC announced the formation of a new transportation coalition designed to address the infrastructure challenges in the Capital Region. The Capital Region Industry for Sustainable Infrastructure Solutions, or CRISIS, aims to advance multi-phase and coordinated efforts for short-term to long-term regional transportation infrastructure improvements, including state transportation funding solutions; increasing MPO performance, including implementation of IBM Smarter Cities Challenge recommendations; and identifying and pursuing workforce-focused infrastructure solutions. The coalition was formed in partnership with leaders from the Greater Baton Rouge Industry Alliance (GBRIA) and Center for Planning Excellence (CPEX). As CRISIS works to identify a long term strategy for addressing the region's infrastructure needs, BRAC focused specifically on key measures during the 2015 session that create a path toward solving the region's estimated $5.4 billion backlog of transportation maintenance and upgrade needs, not taking into account the major capacity projects needed to meet the economic growth throughout the region.

Representative Karen St. Germain successfully advanced a bill package providing for the creation of and funding for the Louisiana State Transportation Infrastructure Bank. House Bill Number 767 establishes the infrastructure bank within the Department of Treasury as an agency of the state and provides that its purpose is to select and assist in financing eligible transportation projects by providing loans and other financial assistance to municipalities, parishes, and political subdivisions of the state for planning, constructing, and improving transportation facilities necessary for public purposes. Rep. St. Germain's companion bill, House Bill Number 618, is a constitutional amendment that authorizes the investment of funds for the state infrastructure bank and for the bank to loan, pledge, or guarantee funds to be used solely for transportation projects. *HB 767 is pending the Governor's signature. HB 618 will be submitted to voters on the October 24th ballot.*

Rep. Karen St. Germain also crafted legislation designed to impact the infrastructure needs of major economic development corridors throughout the state. House Bill Number 778 imposes a one cent state sales and use tax for ten years dedicated to the construction of highways and bridges constituting major economic development corridors and capitalization of the infrastructure bank. BRAC supported this legislation because of the critical projects it would have funded, and the level of urgency around traffic congestion in the region.

Five of the sixteen projects identified in the bill are within the Capital Region and include:

1. Four lane Louisiana Highway 3127 from Louisiana Highway 3213 to 24 Louisiana Highway 70.
2. Four lane Louisiana Highway 1 from White Castle to Donaldsonville.
3. New bridge over the Mississippi River connecting Louisiana Highway 1 to Louisiana Highway 30.
4. Two additional lanes for I-12 in the following segments: Louisiana Highway 21 to Airport Road, Satsuma to I-55, and Hammond to Mandeville.
5. Four lane Louisiana Highway 30 from Louisiana Highway 42 to 17 Interstate 10.

The bill failed on the House floor with a vote of 50 yeas to 46 nays.

Senator Adley advanced a package of transportation bills that are pending the Governor signature. They include:

- SB 202 - Constitutional amendment to rename the Budget Stabilization Fund to the Budget and Transportation Stabilization Trust and to provide for use of monies in the fund.
- SB 221 - Increases the base amount of mineral revenues received by the state as certified by the Revenue Estimating Conference for various Transportation Trust Fund and other transportation uses.
- SB 259 - Provides for the creation of the Budget and Transportation Stabilization Trust from the Budget Stabilization Fund and provides for use of monies in the fund.

Each year, the Capital Region Legislative Delegation establishes transportation and infrastructure projects as its top capital outlay priorities for the legislation session. In 2015, the Delegation proposed projects in two categories: (1) Previously Unfunded Projects and (2) Newly Proposed projects for 2015. The top three priorities under each category are as follows:

Previously Unfunded Projects (Ranked in Order of Priority)

1. Overlay Head of Island LA 16 to Port Vincent - $5 Million request to overlay an 8.9 segment of the roadway. *(No funding)*
2. I-10 & Hwy 74 Interchange - $1 Million request to create a new interchange at I-10 and LA 74 near Dutchtown in Ascension Parish. *($25.5 Million)*
3. Go Program - $2.25 Million request to expand the existing two lane roadway into a four lane divided roadway including intersection improvements at all major intersections. *($12 Million)*

2015 New Projects (Ranked in Order of Priority)

1. Replace LA 16 Bridge over Amite River – $2 million request to replace the bridge, built in the late 1940s, as it no longer meets the industry standards in width for 18-wheelers. *(No funding)*
2. City of Zachary – $1.92M request for a Water Distribution System Improvement. *($1.3 Million)*
3. Livingston/Ascension Wildlife & Fisheries Outpost on the Diversion – $200,000 request for the construction of a small facility to use for waterway law enforcement housing and staged response. *(No funding)*

The Delegation also advocated for continued funding for ongoing projects impacting the Capital Region, some of which include improvements on LA 3038 in Ascension Parish *($800,000)*, I-12 widening to Walker/Satsuma in East Baton Rouge and Livingston Parishes *($5.270 Million)*, and Hooper Road widening and extension in East Baton Rouge Parish *($6.11 Million)*. The funding amounts listed reflect allocations contained in the Reengrossed version of House Bill 2. *HB 2 is pending the Governor's signature.*

Nurturing the Development & Growth of Louisiana's Small Businesses

The Procurement Technical Assistance Program (PTAC) is a federal program established in 1985 with the charge of expanding the number of small businesses seeking to participate in the local, state, and federal government marketplace. There are two PTACs in Louisiana, the Louisiana PTAC in Lafayette services 54 of the 64 parishes throughout the state of Louisiana and is housed at the University of Louisiana Lafayette. The Northwest Louisiana PTAC is located in Shreveport and provides support to a 10-parish area. BRAC has partnered with the LA PTAC since early 2014 to secure a PTAC representative staffed at the BRAC office to assist area small business owners in achieving their growth potential. This partnership has yielded $2 million in federal, state, and local government contracts to Capital Region businesses.

LA PTAC was faced with the unfortunate reality in 2015 of potential closure due to the lack of funding. BRAC led efforts over the past several months to secure $185,000 in funding for LA PTAC. This appropriation, contained in House Bill Number 1, was initially jeopardized as the budget bill moved throughout the legislative process. *The monies remain in HB 1, which is pending the Governor's signature.*

Enhancing Economic Development Funding

The Louisiana Regional Leadership Council (LRLC), comprised of the eight regional economic development organizations across the state, secured $4 million in state funding in 2014 to support economic and workforce development. The monies were linked to the Louisiana Tax Amnesty Program and were triggered if revenue collections exceeded fiscal projections of $100 million. The program generated roughly $170 million in state revenues in 2014, yet the dedicated funding to BRAC and other regional groups was never realized. The LRLC successfully worked during the 2015 session to secure $2 million in collective regional funding as part of the supplemental appropriations bill for Fiscal Year 2014-2015, House Bill Number 800 by Representative Jim Fannin. *The bill is pending the Governor's signature and includes the $4 million in funding for BRAC and other regional EDOs.*

Other Measures

Common Core

BRAC announced in its primary goals for the session that it would work to prevent any legislation to undo or weaken the Common Core State Standards.

A three bill package making up the Common Core compromise cleared the legislative process. These bills are House Bill Number 373 by Representative Brett Geymann, House Bill Number 542 by Representative John Schroder, and Senate Bill Number 43 by Senator Conrad Appel.

House Bill No. 373 develops a process for the review, development, and implementation of state content standards for public school students. The state Department of Education (DOE) is currently responsible for the development of statewide content standards with the approval of the state Board of Elementary and Secondary Education (BESE). This measure instead requires BESE to begin reviewing and developing state content standards in English language arts and mathematics not later than July 1, 2015.

House Bill No. 542 by Rep. John Schroder provides for the assessment of the standards for the 2015-2016 school year only and limits DOE to a one-year contract for English language arts and mathematics assessments in grades three through eight rather than grades three through ten.

Finally, Sen. Appel's legislation requires the proposed standards rule presented by BESE to adopt, amend, suspend, or repeal the state content standards be submitted to the Senate and House education committees for review. The standards are not subject to severability in consideration by a legislative committee or the governor in oversight determinations. In other words, the proposed standards rule cannot be modified and can be accepted or rejected by an up or down vote only.

Internet Sales Tax Collection

The Legislature advanced a measure that sets the stage for the collection of internet sale taxes by a remote dealer. *The internet sales tax bill, House Bill Number 555 by Representative Jim Fannin, is pending the Governor's signature.*

Marriage and Conscience Act

BRAC joined IBM, Dow, Electronic Arts, Greater New Orleans, Inc, the New Orleans Convention and Visitors

Bureau, and other prominent Louisiana companies and economic development organizations in opposition to the so-called religious freedom bill. For BRAC, the religious freedom bill placed our talent attraction and development efforts in jeopardy, with the potential consequence of sending a negative message nationally about condoning discrimination in Louisiana. House Bill Number 707 by Representative Mike Johnson would have enacted the Marriage and Conscience Act and provided that the state shall not take any adverse action against a person, wholly or partially, on the basis that such person acts in accordance with a religious belief or moral conviction about the institution of marriage. *The controversial bill was voluntarily deferred by the bill's author after a lengthy hearing in the House Civil Law and Procedure Committee.*

Governor Jindal subsequently released Executive Order Number BJ 2015 – 8, ordering and directing all departments, commissions, boards, agencies, and political subdivisions of the state to comply with the restrictions placed upon government action in the Preservation of Religious Freedom Act.